



7.

January 24, 2002

Ms. Joelle Burns  
Utah Dept. of Natural Resources  
Div. of Oil, Gas and Mining  
P. O. Box 145801  
Salt Lake City, UT 84114-5801

Re: Reclamation Contract & Bond – Papoose Mine, M/037/084

Dear Ms. Burns:

I am enclosing the reclamation contract and reclamation bond that we discussed via the telephone in the past week. I made the date change as you suggested after contacting our surety company and getting their approval. I also left the date of the approval for the reclamation plan by the Division blank as we discussed.

Once the bond is accepted I would appreciate the return of the \$54,000 bond currently held by the School and Institutional Trust Lands Administration. I can then forward it to my surety company.

Thank you for your assistance, and do not hesitate to call if additional information is required.

Sincerely,

Jerry L. Powers  
Manager of Administration

Cc: J. Showalter (Cotter West Slope)

**RECEIVED**  
JAN 28 2002  
DIVISION OF  
OIL, GAS AND MINING

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

**RECEIVED**  
JAN 28 2002  
DIVISION OF  
OIL, GAS AND MINING

**RECLAMATION CONTRACT**

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/037/084

(Mineral Mined) Limestone

"MINE LOCATION":

(Name of Mine)

Papoose Limestone Mine

(Description)

30 Miles SSE of Moab,

San Juan County, Utah

"DISTURBED AREA":

(Disturbed Acres)

47 Acres

(Legal Description)

(refer to Attachment "A")

"OPERATOR":

(Company or Name)

Cotter Corporation

(Address)

28151 DD Road

P.O. Box 700

Nucla, CO 81424

(Phone)

970-864-7347

**"OPERATOR'S REGISTERED AGENT":**

Name)

(Address)

(Phone)

C.T. Corporation System

8th Floor, 50 West Broadway

Salt Lake City, UT 84101

801-364-1228

**"OPERATOR'S OFFICER(S)":**

Richard Cherry, President

Rich Ziegler, Exec. Vice President

**SURETY":**

(Form of Surety - Attachment B)

Surety Bond

**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

American Home Assurance CO.

Bond #

**"SURETY AMOUNT":**

(Escalated Dollars)

\$94,700

**"ESCALATION YEAR":**

2006

**"STATE":**

State of Utah

**"DIVISION":**

Division of Oil, Gas and Mining

**"BOARD":**

Board of Oil, Gas and Mining

**ATTACHMENTS:**

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Cotter Corporation the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M-037-084 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated May 23, 1995, and the original Reclamation Plan dated May 23, 1995. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Cotter Corporation

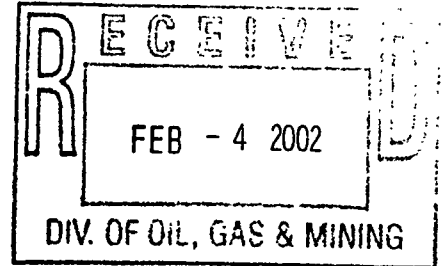
Operator Name

By Richard M. Cherry

Authorized Officer (Typed or Printed)

President

Authorized Officer - Position



*Richard M. Cherry*  
Officer's Signature

February 1, 2002  
Date

STATE OF Colorado )

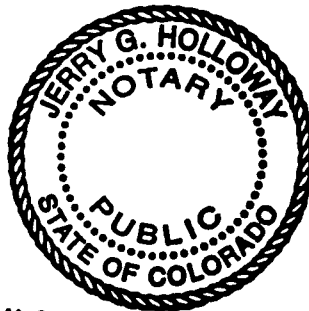
COUNTY OF Jefferson ) ss:

On the 1st day of February, 2002, Richard M. Cherry personally appeared before me, who being by me duly sworn did say that he/she is the President of Cotter Corporation and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Richard M. Cherry duly acknowledged to me that said company executed the same.

*Jerry G. Holloway*  
Notary Public

Residing at 5370 S. Parfet Ln  
Littleton, CO 80127

4-26-2004  
My Commission Expires:



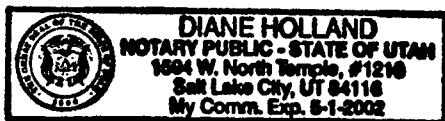
DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton  
Lowell P. Braxton, Director

2/13/02  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 13<sup>th</sup> day of February, 2002, Lowell P. Braxton  
personally appeared before me, who being duly sworn did say that he/she, the said Lowell P. Braxton  
is the Director of the Division of Oil, Gas and  
Mining, Department of Natural Resources, State of Utah, and he/she duly acknowl-  
edged to me that he/she executed the foregoing document by authority of law on behalf  
of the State of Utah.



Diane Holland  
Notary Public  
Residing at: Salt Lake City, Utah

May 1, 2002  
My Commission Expires:

## ATTACHMENT "A"

Cotter Corporation  
Operator

Papoose Limestone Mine  
Mine Name

M-037-084  
Permit Number

San Juan County, Utah

### LEGAL DESCRIPTION

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

**The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 47 acres under the approved permit and surety, as reflected on the attached map labeled Exhibit H and dated September 18, 2001 :**

Beginning at a point 1498 feet South 40° East of the Northwest corner of Section 36, Township 29½ South, Range 24 East, Salt Lake Principal Meridian, San Juan County, Utah;

thence 398 feet South 39°47' East;	thence 255 feet South 53°06' West;
thence 563 feet South 32°05' East;	thence 469 feet South 34°39' East;
thence 218 feet South 21°34' East;	thence 452 feet South 33°11' East;
thence 366 feet South 34°48' East;	thence 200 feet South 37°16' East;
thence 645 feet South 34°20' East;	thence 171 feet South 32°07' East;
thence 409 feet South 34°36' East;	thence 84 feet South 15°12' West;
thence 180 feet South 53°30' West;	thence 189 feet South 42°31' West;
thence 196 feet South 52°15' West;	thence 233 feet North 33°58' West;
thence 259 feet North 27°33' West;	thence 259 feet North 31°21' West;
thence 576 feet North 30°11' West;	thence 283 feet North 31°33' West;
thence 282 feet North 35°28' West;	thence 243 feet North 31°05' West;
thence 199 feet North 35°32' West;	thence 202 feet North 15°10' West;
thence 217 feet North 37°05' West;	thence 90 feet North 15°33' West;
thence 342 feet North 26°53' West;	thence 294 feet North 7°07' West;
thence 129 feet North 54°15' West;	thence 124 feet North 16°10' West;
thence 151 feet North 34°09' West;	thence 238 feet North 28°22' East;
thence 343 feet North 41°33' East;	the place of beginning.

In addition, an access road has been constructed and includes another 0.16 acres falling within an area 10 feet on either side of a centerline beginning 1513 feet South 40° East of the Northwest corner of Section 36, Township 29½ South, Range 24 East, Salt Lake Principal Meridian, San Juan County Utah;

thence 508 feet North 47° East; thence 164 feet North 81° East;  
thence 112 feet North 67° East; thence 102 feet North 51° East,  
thence 79 feet North 9° East, where the road connects to San Juan County Road 370.



ATTACHMENT B

FORM MR-6  
Joint Agency Surety Form  
(January 18, 2000)

Bond Number \_\_\_\_\_  
Permit Number M-037-084  
Mine Name Papoose Limestone Mine  
Other Agency File Number SITLA (ML-45609)

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291  
Fax: (801) 359-3940

RECEIVED

JAN 19 2002

DIVISION OF  
OIL, GAS AND MINING

THE MINED LAND RECLAMATION ACT

SURETY BOND

\*\*\*\*\*

The undersigned Cotter Corporation, as Principal, and AMERICAN HOME ASSURANCE CO as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) and the School and Institutional Trust Lands Administration (SITLA), in the penal sum of Ninety-four thousand, seven hundred dollars (\$94,700).

Principal has estimated in the Mining and Reclamation Plan approved by the Division of Oil, Gas and Mining on the 15<sup>th</sup> day of February, 20 02, that 47 acres of land will be disturbed by mining operation in the State of Utah

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

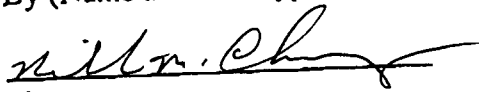
Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Cotter Corporation  
Principal (Permittee)

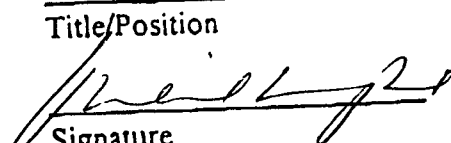
Richard M. Cherry, President  
By (Name and Title typed):

  
Signature

January 21, 2002  
Date

Surety Company

AMERICAN HOME ASSURANCE COMPANY  
Surety Company Name  
Vivienne Douglas  
Surety Company Officer  
Attorney-in-Fact  
Title/Position

  
Signature

1225 Seventeenth Street, #1700  
Street Address  
Denver, CO 80202  
City, State, Zip  
303-382-8500  
Phone Number  
January 17, 2002 JP 1/24/02  
Date

Page 3  
MR-6  
Joint Agency Surety Bond  
Attachment B  
(revised January 18, 2000)

Bond Number \_\_\_\_\_  
Permit Number M-037-084  
Mine Name Papoose Limestone Mine

SO AGREED this 13 day of Feb, 20 02.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

Lowell P. Braxton

Lowell P. Braxton, Director  
Utah State Division of Oil, Gas and Mining

\*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

## AFFIDAVIT OF QUALIFICATION

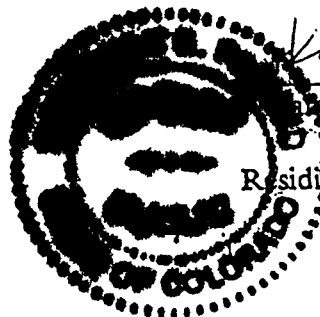
On the 17th day of January, 2002, personally appeared before me Kathleen K. Freund, who being by me duly sworn did say that he/she, the said Vivienne Douglas is the Attorney-in-Fact of AMERICAN HOME ASSURANCE COMPANY and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Vivienne Douglas duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: [Signature]  
Surety Officer

Title: Attorney-in-Fact

STATE OF Colorado )  
 ) ss:  
COUNTY OF Denver )

Subscribed and sworn to before me this 17th day of January, 2002.



Kathleen K. Freund  
Notary Public  
Residing at: Littleton, CO

My Commission Expires:

11/15, 2003

KNOW ALL MEN BY THESE PRESENTS:

That American Home Assurance Company, a New York corporation, and National Union Fire Insurance Company of Pittsburgh, Pa., a Pennsylvania corporation, does each hereby appoint

---Vivienne Douglas, Raymond A. Leonard, J. M. O'Connell, Kathleen Freund: of Denver, Colorado---

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. have each executed these presents

this 23rd day of February, 2000.



Lawrence W. Carlstrom, Senior Vice President  
National Union Fire Insurance Company of Pittsburgh, PA.  
Vice President, American Home Assurance Company

STATE OF NEW YORK }  
COUNTY OF NEW YORK }ss.

On this 23rd day of February, 2000 before me came the above named officer of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa., to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seals of said corporations thereto by authority of his office.

JOSEPH B. NOZZOLLI  
Notary Public State of N.Y.  
No. 01-NO4652754  
Qualified in Westchester County  
From Expires Jan. 31, 2002

CERTIFICATE

Excerpts of Resolutions adopted by the Boards of Directors of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. on May 18, 1976:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of American Home Assurance Company and of National Union Fire Insurance Company of Pittsburgh, Pa. do hereby certify that the foregoing excerpts of Resolutions adopted by the Boards of Directors of these corporations, and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolutions and the Powers of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of each corporation

this 17th day of January 2002

Elizabeth M. Tuck, Secretary



1	RECLAMATION SURETY ESTIMATE				
2	Cotter Corporation		last revision	08/02/00	
3	Papoose Mine		filename M037-084.WB2		
4	M/037/084 (ML 45609)		San Juan County		
5	Prepared by Utah State Division of Oil, Gas & Mining				
6	Located on lands administered by SITLA				
7	DETAILS OF FINAL RECLAMATION				
8	Pit highwalls (16 ft vertical height) will be backfilled to to a slope of 2h:1v or less, soiled, ripped & seeded.				
9	Salvaged topsoil will be replaced to a depth of 12 inches on pit floors in "islands", fertilized, seeded and rip				
10	All structure and debris will be removed within the pit area as the mine expands.				
11	Disturbed areas that do not receive topsoil will not be fertilized or seeded.				
17	Note: actual unit costs may vary according to site conditions last unit cost update 2-Aug-2000				
18	-Amount of disturbed area which will receive reclamation treatments =			47.0 acres	
19	-Estimated total disturbed area for this mine =			47.0 acres	
20	Activity	Quantity	Units	\$/unit	\$
22	Removal of structures and Debris	1	sum	500	500
29					
30	Backfill against pit highwalls (7100 lf)	55,650	CY	0.50	27,825
31	Spreading reject fines	4,800.0	CY	0.50	2,400
32					
39	Ripping access roads - dozer	0.5	acre	234	117
40	Culvert removal	2	each	300	600
43					
44	Topsoil replacement - dozer	37,500	CY	0.50	18,750
45	Topsoil ripping	23.5	acre	234	5,499
47					
49	Fertilizing	23.5	acre	130	3,055
51	Broadcast seeding	23.5	acre	170	3,995
54					
55	General site cleanup & trash removal	23.5	acre	100	2,350
56					
57	Equipment mobilization	2	equip	1000	2,000
58					
59	Reclamation Supervision - 10% of total				6,709
60			Subtotal		73,800
61	10% Contingency				7,380
62			Subtotal		\$81,180
63	Escalate for 5 years at 3.12% per yr				13,479
64			Total		\$94,659
65			Rounded surety amount in yr 2006-\$		\$94,700
66	Average cost per disturbed acre =		\$2,015		

(1) DOGM lump sum assumed

(9) Means 2000 & Blue Book 3Q/00: Cat D8N, U, multi shank rippers, speed 1.0 mph

(12) Means 2000 & Blue Book 3Q/00: Cat D8N, U, mtl 2550 lb/CY, 100 ft push

(00) DOGM general estimate - fertilizing

(00) DOGM general estimate - broadcast seeding

(00) DOGM general estimate - site cleanup & trash removal

(00) DOGM general estimate - equipment mobilization